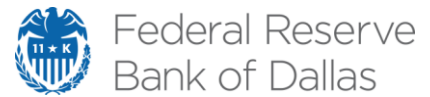


# Energy Advisory Council

## Meeting Minutes



2:30 PM, July 10, 2024

### **Committee Attendees:**

Gary Petersen, EnCap Investments L.P. (Council Chair)

Jim Allred, RBC Capital Markets

Jason Bordoff, Columbia University School of International and Public Affairs

Jim Burke, Vistra Corp.

Willie Chiang, Plains All American Pipeline, L.P.

Paul Foster, Franklin Mountain Investments, LLC

Jim Hughes, EnCap Investments L.P.

Ben Marshall, Vitol Americas

Lakshmi Sreekumar, Capital One Securities

### **Federal Reserve Bank of Dallas Directors in Attendance:**

Bob Patel, formerly of LyondellBasell

Cindy Taylor, Oil States International, Inc.

James Walter, Permian Resources Corp.

### **Federal Reserve Attendees**

Tyler Atkinson, Donald Bowers, Amy Chapel, Roberto Coronado, Garrett Golding, Emily Greenwald, Emily Hall, Lutz Kilian, Adam Koudaih, Lorie Logan, Karel Mertens, Kunal Patel, Daron Peschel, Michael Plante, Armida Riojas, Sasha Samperio, Michael Schetzel, Samuel Schulhofer-Wohl, Elizabeth Souder, Jody Stanley, Jesse Thompson

### **Administrative**

The Chair called the meeting of the Energy Advisory Council (the “Council”) of the Federal Reserve Bank of Dallas (“Dallas Fed” or “Bank”) to order at 2:30 pm CDT and made introductory remarks. Lorie Logan, President and CEO, greeted members. Daron Peschel, senior vice president, outlined the meeting protocols and provided meeting logistics. Jody Stanley, corporate secretary, provided an update on the Bank’s transparency program and delivered the review of the Bank’s antitrust policy.

### **Dallas Fed Energy Survey and U.S. Production Outlook**

Mr. Patel delivered the presentation on the Dallas Fed Energy Survey results and the outlook for U.S. production. The presentation was a recap of the second quarter 2024 energy survey results (publicly released on June 26, 2024), trends in the U.S. oilfield, and the 2024 outlook for U.S. crude oil production. Discussion ensued regarding conditions around the outlook for the Permian rig count, use of artificial intelligence among oil and gas firms, U.S. oil production in the near and longer term, and trends regarding horizontal lateral lengths.

### **Discussion of U.S. power consumption**

The Council highlighted how U.S. power consumption is expected to grow over the next decade, driven by increased industrial load, data center growth, electrification of transportation and buildings, and extreme weather events. It was mentioned that results from a recent survey of American households said their top concern for their home electricity supply is reliability. Their next concern is affordability, followed by sustainability.

Council members discussed that reliability is becoming an issue across the nation, as demand increases and renewables grow while coal plants retire. A “no-show” from renewables poses a threat to grid reliability, especially during the evening hours when gas plants ramp up as solar production drops. Discussion ensued regarding risks to the electric grid in the near and medium term related to reliability, regulatory, and the projected increase in power consumption due to new data centers.

### **Discussion of U.S. production**

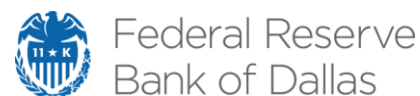
The Council observed how since 2019, production in New Mexico has doubled, whereas production in Texas has grown close to 10%. The growth in New Mexico is related to the Permian Basin. Meanwhile, it was noted that most of the consolidation among exploration and production (“E&P”) firms within the Permian has been occurring in the Texas portion of the Permian Basin. It was mentioned that regulatory challenges may be causing some reluctance to invest in long-term oil and gas development in New Mexico. Members indicated that while independent oil and gas firms, known as the “Independents”, grew U.S. oil production over the past decade, the production growth forecasts from the Majors suggest they will lead the next wave of U.S. oil production growth.

### **Discussion of energy transition geopolitics**

The Council discussed how geopolitics have become increasingly complex over the past couple of years, particularly with respect to the U.S. and China. It was mentioned that to advance the clean energy transition, having it as cheap as possible would expedite the shift. However, cost is becoming

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challenging due to trade restrictions, tariffs and/or security concerns. It was discussed that developing countries dislike the U.S. Inflation Reduction Act (IRA), as the enormous size of investment through the act crowds out clean-energy investment in their own countries. In response, some of these countries are enacting their own export restrictions to compete.

The Council then discussed risks to the current trajectory of the energy transition, and what it means for governments, companies, and consumers. Members also discussed how governments and consumers have become more complacent regarding climate risks, with consumers being less willing to pay more to combat climate change.

### **Adjournment**

The Chair adjourned the meeting at 5:30 PM